GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:901
ANSWERED ON:27.07.2001
NATIONAL RURAL BANK OF INDIA
SURESH CHANDEL

Will the Minister of FINANCE be pleased to state:

(a) whether keeping in view the satisfactory lunctioning of the Regional Rural Banks (RRBs)the Dantwala Committee set up in 1978 and the Keikar Committee set up in 1984 had recommended, that the branches of these banks should be expanded as these banks are effectively and proficiently working as per the requirements of the rural areas and the farmers as compared with the commercial banks and cooperative banks;

(b) whether the All India Rural Bank Workers Organisation has requested to set up `Bharat Ka Rashtriya Gramin Bank` (National Rural Bank of India) by merging all the 196 regional rural banks instead of their expansion;

(c) if so, the action taken by the Government thereon;and

(d) if not action is taken so far, the reasons for delay?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN):

(a) and(b) Yes. Sir.

(c) and (d) After considering a number of alternative models including creation of National Rural Bank of India (NRBI), it was decided to revamp RRBs on a `Stand alone` basis by way ofinfusion of additional capital for cleansing of balance sheets of selected RRBs. Further several other policy changes have been initiated to facilitate strengthening and revitalization of RRBs. These changes include:â€”

(i) Introduction of Development Action Plan and Memoranda of Understanding (DAPs/MOU) on aannual basis for bringing improvement in the performance of the RRBs in a planned way and introduction of prudential norms covering income recognition, assets classification and provisioning norms;

(ii) diversification of business portfolios and activities;

(iii) increased avenues for investment of surplus Non-SLR funds;

(iv) rationalisation of branch network including relocation and merger of loss making branches;

(v) deregulation of interest rate structure;

(vi) providing greater roie to the sponsor banks in management of the affairs of RRBs.